



Big \$penders

Occupational Wage Comparison Across United States Cities

Overview

We have all heard comments suggesting that wage levels in Salt Lake City are low, and that wages in other parts of the country are much higher than in Salt Lake City. A nominal wage comparison across cities shows this to often be true. But that is looking at only half the picture. A more complete analysis would also take into account the cost of living in those cities. In other words, couple the occupational pay with a cost-of-living adjustment, producing a real-wage comparison. Does a \$28-an-hour job buy its recipient more or fewer goods and services in San Diego than a \$25-an-hour job in Salt Lake City? Introducing a city-by-city cost-of-living adjustment is the only way to properly answer that question. This article's purpose is to evaluate Salt Lake City's measured median occupational pay against 50 United States cities, with an adjustment made for cost of living across those cities. After making that adjustment, how does Salt Lake City's occupational pay now look in relation to its neighbors?

Methodology

The U.S. Bureau of Labor Statistics (BLS) measures occupational wages within most metropolitan areas across the United States. The results of this very comprehensive survey are available at <http://stats.bls.gov/oes/current/oesrcma.htm>. Including the hundreds of surveyed occupations in this comparison is impractical, so only occupations with the highest levels of employment in the Salt Lake City metropolitan area were selected. This resulted in a group of 158 occupations (67 percent of measured employment in the Salt Lake City metropolitan area). The median pay was chosen instead of the average pay because it offers a better measure of central tendency. Averages can be skewed by

extreme outliers at either end of the spectrum. These same occupations and their median pay were then extracted for 50 other cities across the United States for comparison. In addition, occupations from all major groups in the Standard Occupational Classification (SOC) coding system were selected for representation.

To be able to compare real wage buying power, the American Chamber of Commerce Researchers Association (ACCRA) index was used (<http://www.coli.org/>). This is private, for profit, copyrighted information, so the cost-of-living indexes cannot be listed in this article.

Here's how this adjustment is calculated: The median wages for an accountant in both Salt Lake City and San Diego are measured from the BLS survey. If the ACCRA cost-of-living index has Salt Lake City six percent below the national average, then the median accountant wage in Salt Lake City will be adjusted up by six percent. Correspondingly, if San Diego is 30 percent above the national average, the accountant's median wage in that city will be lowered by 30 percent. This produces an adjusted accountant wage for each city. These new wage levels can then be compared to see which city's adjusted wage ranks higher.

This adjustment was done for all cities, all occupations. All city results were evaluated and measured against two criteria: What percentage of time did each city's adjusted occupational wages measure above the national median? What percentage of time did their adjusted occupational wages measure in the top one-fourth of the Metropolitan Statistical Areas (MSAs)? If an occupation fell within the top 25th percentile, that city would be credited both with having that occupation measure above the national median, and also in the top 25th percentile (see table).



Cost-of-Living Adjusted Occupational Wage				
City by City Comparison				
Percent of Time Above the Median				
Percent of Time in the 25th Percentile				
2004				
Cities	Number of Observed Occupations	Percent of Time Occupations Measured Above the National Median	Cities	Percent of Time Occupations Measured in the 25th Percentile
Cincinnati	156	94%	Cincinnati	67%
Denver	157	89%	Dallas	65%
Kansas City	156	86%	Kansas City	65%
Milwaukee	155	84%	Houston	61%
Atlanta	158	83%	Charlotte	59%
Houston	155	83%	Denver	59%
Charlotte	154	82%	Memphis	56%
Memphis	155	81%	Atlanta	47%
Louisville	155	80%	Raleigh	46%
Dallas	159	79%	Buffalo	45%
Jacksonville	147	78%	Jacksonville	44%
Raleigh	156	77%	Milwaukee	43%
Detroit	154	74%	Detroit	43%
St. Louis	157	74%	Louisville	40%
Cleveland	157	72%	Nashville	37%
Indianapolis	157	72%	Minneapolis	34%
Minneapolis	158	72%	Reno	32%
Nashville	156	71%	Pittsburgh	32%
Buffalo	157	66%	Cleveland	31%
Pittsburgh	157	64%	Indianapolis	31%
Salt Lake City	157	63%	St. Louis	31%
Phoenix	156	61%	Seattle	26%
Seattle	156	57%	San Antonio	25%
San Antonio	153	54%	Sioux Falls	23%
Tampa	154	51%	Oklahoma City	20%
Boise	140	49%	Salt Lake City	20%
Reno	139	46%	Phoenix	19%
Baltimore	158	46%	Lincoln	17%
Sioux Falls	132	45%	Las Vegas	17%
Oklahoma City	157	44%	Tampa	17%
Portland	152	41%	Tucson	17%
Tucson	150	41%	Baltimore	16%
Anchorage	133	39%	Portland	16%

Las Vegas	147	39%	Boise	16%
New Orleans	155	35%	New Orleans	16%
Lincoln	139	34%	Anchorage	16%
Columbia	151	32%	Albuquerque	14%
Albuquerque	154	31%	Montgomery	11%
Montgomery	147	30%	Queens	11%
Queens	149	26%	Columbia	10%
Philadelphia	158	21%	Miami	5%
Miami	151	15%	Philadelphia	4%
Boston	155	12%	Chicago	4%
Chicago	156	10%	Washington DC	4%
Washington DC	158	7%	Providence	1%
Providence	147	3%	Manhattan	1%
Los Angeles	156	3%	San Francisco	1%
San Diego	156	3%	Boston	1%
San Francisco	153	2%	Los Angeles	1%
San Jose	156	2%	San Diego	1%
Manhattan	150	1%	San Jose	1%
Note: Not all cities had available wages for each occupation. Each city's percentage was calculated only against the number of obserable occupations for that city.				

The Salt Lake City MSA was the only Utah city used in the calculations. Occupational wages are available for the Provo-Orem metropolitan area, but there was no ACCRA cost-of-living data available for that area.

Both the BLS occupational wages and the ACCRA cost of living are based upon 2004 information. The ACCRA cost-of-living index is published quarterly, so the cost-of-living index used for each city was an average index of the four quarters of 2004.

Results

Adjusting occupational wages across cities largely followed a common theme. Quite often, a city whose nominal — or non-adjusted — occupational wage was high on the list for that occupation, found itself moving low on the list when the cost-of-living adjustment was calculated. For example, San Francisco, San Jose, Boston, and New York were often at the top of the list for the median wage paid within an occupation. Yet because the cost of living is high in those cities, when that high cost of living is factored in, the purchasing power of those wages is sharply reduced.

As noted, Salt Lake City's nominal wage levels are not favorable when compared against many other cities. Prior to making a cost-of-living adjustment,

only 19 percent of Salt Lake City's occupations showed a median wage in the upper half of all MSAs. Further, just 1 percent of the occupations had wages in the top 25th percentile. So, looking just at nominal median occupational wages does not paint Salt Lake City wages in a favorable light.

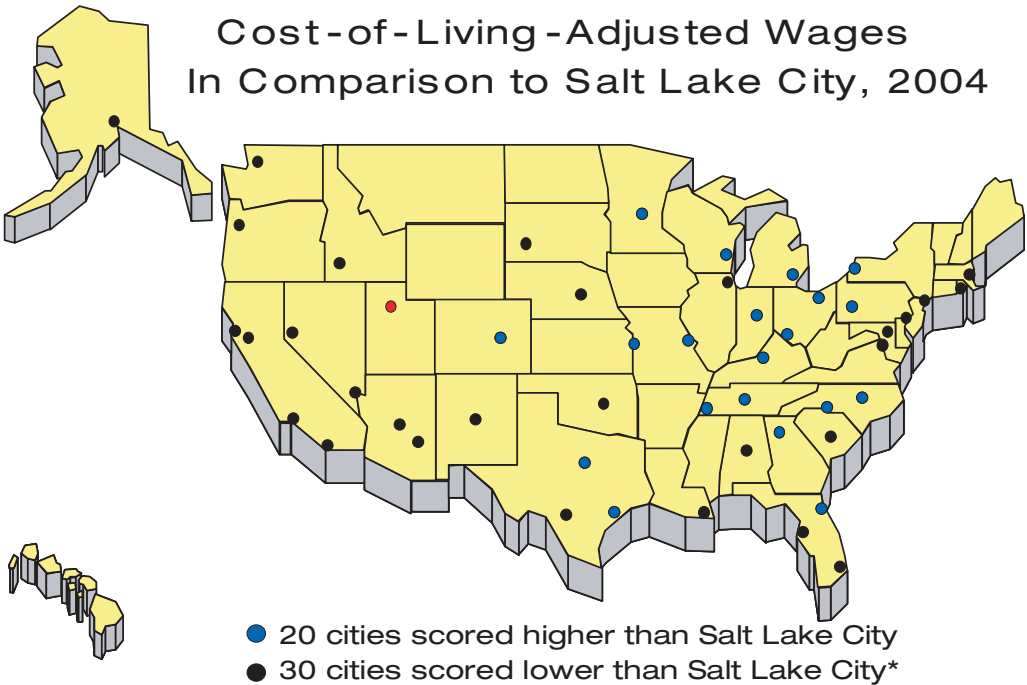
But that's only half the picture, and it offers a deceptive conclusion. That cost-of-living factor needs to be accounted for, and it changes the picture dramatically. Once the cost-of-living adjustment is made, Salt Lake City occupations measure above the national median 64 percent of the time — a vast reversal from the 19 percent registered before the cost-of-living adjustment. In addition, 20 percent of the Salt Lake City MSA occupations rank in the top 25th percentile for median wage, compared to only 1 percent prior to the adjustment.

Nationwide, a pattern emerges. Once wages are adjusted for cost of living, cities in the central/south-central portion of the country score best. Cincinnati, Kansas City, Charlotte, Atlanta, and Houston stand out as cities with the most bang for one's wage buck. Cities on the northeast coast and most of the western United States do not score well. Salt Lake City scored better than 30 other cities, and below 20 cities.

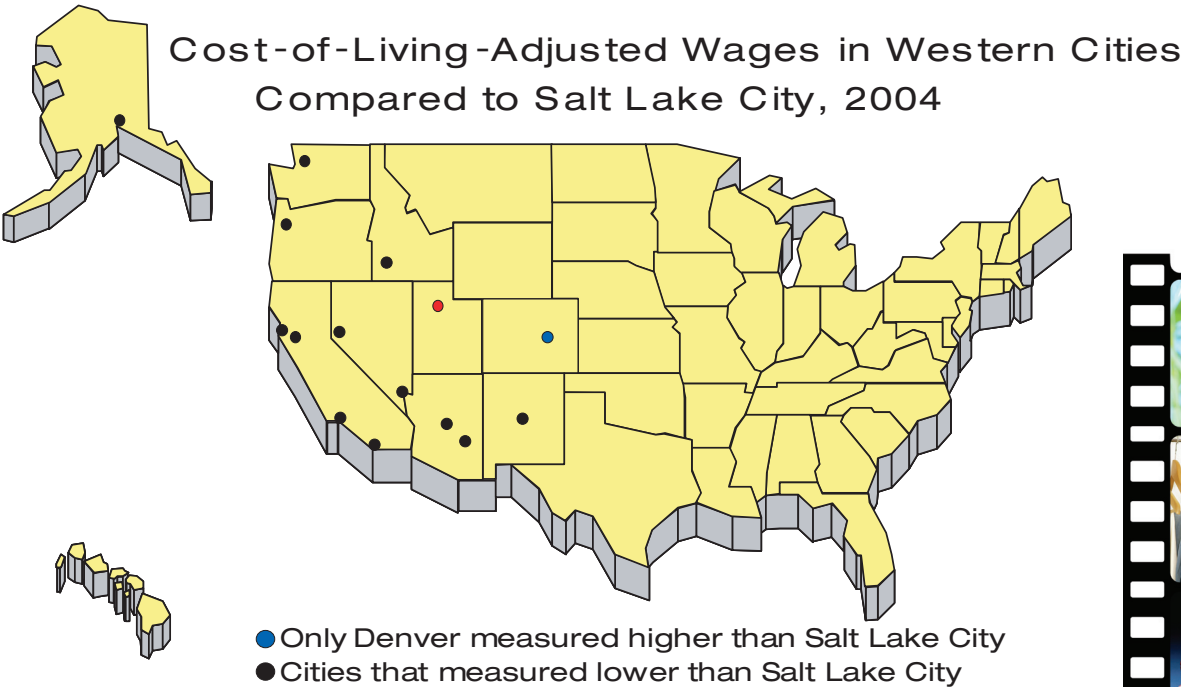
The best western city (and one of the best cities

nationwide) is Denver. However, Denver is the only western city that betters the Salt Lake City MSA. Much of the west coast and Nevada is characterized by a high cost of living. That erodes — and even negates — the high wages paid in those cities. In relation to our area's neighbors and

competing western cities, Salt Lake City's wages score better when coupled with the affordability of goods and services. In other words, in the West, Salt Lake City does offer a competitive wage/cost-of-living package to workers.



* Includes Queens and Manhattan
Source: U.S. Bureau of Labor Statistics OES Wage Survey adjusted by American Chamber of Commerce Researchers Association Cost of Living Index. Criterion is based upon the % of each cities occupations that measured above the national median in relation to Salt Lake City's 64% measurement.



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